



July 16, 2019

**Item No. 3**

**RECOMMENDATION TO EXECUTE HOUSING ASSISTANCE PAYMENTS CONTRACTS FOR DIVERSEY MANOR AND 5751 S MICHIGAN APARTMENTS; HOUSING ASSISTANCE PAYMENTS AMENDMENT FOR 5801 S MICHIGAN APARTMENTS.**

Development	Address	Alderman / Ward	Community Area
Diversey Manor	3213-3223 West Diversey Avenue / 2749-2761 North Sawyer	Carlos Ramirez-Rosa 35 <sup>th</sup> Ward	Logan Square
5751 S Michigan Apartments	5751-5759 South Michigan Avenue / 106-114 East 58 <sup>th</sup> Street	Jeannette Taylor 20 <sup>th</sup> Ward	Washington Park
5801 S Michigan Apartments	5801-5805 South Michigan Avenue	Jeannette Taylor 20 <sup>th</sup> Ward	Washington Park

**Presenter:** Derek Messier, Chief Property Officer

**RECOMMENDATION**

It is recommended that the Board of Commissioners (Board) of the Chicago Housing Authority (CHA) authorize the Chief Executive Officer or his designee to execute 1) a Housing Assistance Payments (HAP) contract with a) Diversey Manor, b) 5751 S Michigan Apartments, and c) 5801 S Michigan Apartments; and 2) execute all other documents as may be necessary or appropriate to implement the foregoing.

The requested action complies in all material respects with applicable CHA Board policies and all applicable federal laws. Staff have completed all necessary due diligence to support the submission of this initiative.

**PROPERTY SUMMARY**

<b>Development</b>	<b>Owner Developer</b>	<b>Target Population</b>	<b>PRA Units</b>	<b>Total Units</b>
<b>Diversey Manor</b>	Diversey Manor, LLC (Chicago Metropolitan Housing Development Corporation)	Families	50	51
<b>5751 S Michigan Apartments</b>	5751 S Michigan Inc. (Steve Thomas)	Families	11	28
<b>5801 S Michigan Apartments</b>	5801 S Michigan, LLC (Steve Thomas)	Families	23	24

**ESTIMATED CONTRACT SUMMARY**

<b>Development</b>	<b>Funding</b>	<b>Contract Term</b>	<b>Contract Type</b>	<b>Initial Estimated Contract</b>	<b>Total Estimated Contract</b>	<b>Application Received</b>
<b>Diversey Manor</b>	Housing Choice Voucher Program	30 years	HAP contract	\$ 771,312 (Year 1)	\$ 31,290,646 (30 years)	February 2018
<b>5751 S Michigan Apartments</b>	Housing Choice Voucher Program	15 years	HAP contract	\$ 153,900 (Year 1)	\$ 2,661,457 (15 years)	April 2019
<b>5801 S Michigan Apartments</b>	Housing Choice Voucher Program	15 years	HAP Contract	\$ 349,092 (Year 1)	\$ 6,036,993 (15 years)	December 2018

Initial contract rents will be determined by market comparables and fair market rents applicable at the time the HAP contract is executed. All rent determinations will comply with federal regulations and CHA policy.

## DIVERSEY MANOR

Diversey Manor is an existing, 3-story, walk-up building located in a General area in Chicago's Logan Square community. The development is near a wide variety of neighborhood services and amenities. Since December 1994, PRA has assisted 50 households at Diversey Manor. The new Housing Assistance Payments (HAP) contract will provide continued affordability for the next 30 years.



- Diversey Manor offers 51 total units: 2 one-bedroom, 34 two-bedroom, and 15 three-bedroom units. Three (3) units are accessible.
- Unit amenities include refrigerator, stove, and hardwood flooring. The building provides heat and water; tenants are responsible for electric and cooking gas. The building offers on-site laundry.
- PRA will continue to assist 50 units: 2 one-bedroom, 34 two-bedroom, and 14 three-bedroom units. The target population are families from CHA waitlists.

### Property Owner /Manager

**Diversey Manor, LLC** is the ownership entity of the Chicago Metropolitan Housing Development Corporation (CMHDC). CMHDC was created in 1982 and originally served as a financing entity to develop affordable housing. In 1997, CMHDC became a 501-C-3, non-profit housing development organization focusing on the development and operations of affordable housing throughout the Chicago region. CMHDC and its subsidiary, CMHDC Development Services, own and operate 750 affordable rental units. **Kass Management (KM)** provides property management services for Diversey Manor. KM has 25 years of experience managing over 5,000 residential units in Chicagoland. Properties including market rate units and government funded units, including Low-Income Housing Tax Credits and HOME, as well as CHA's PRA program and the Chicago Low Income Housing Trust Fund.

## **5751 S MICHIGAN APARTMENTS**

5751 S Michigan Apartments is a 3-story, walk-up building located in a limited area in Chicago's Washington Park community. Since December 2007, PRA has assisted 11 households. The new Housing Assistance Payments (HAP) contract will provide continued affordability for the next 15 years.



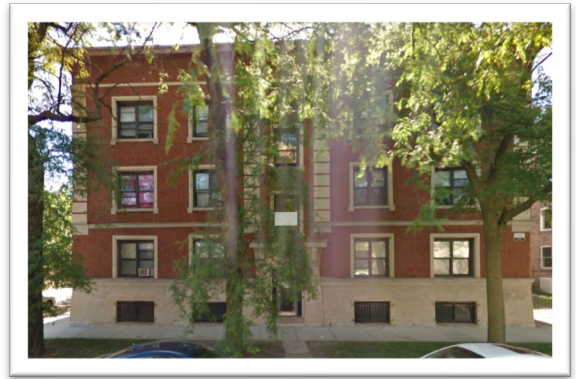
- 5751 S Michigan Apartments offers 28 residential units: 11 two-bedroom, 13 three-bedroom, and 4 four-bedroom units. 4 units are accessible and meet federal Type A 504 requirements; 8 units are adaptable and 8 units sensory adaptable.
- The building was completely rehabbed in 2017. The rehab consisted of new kitchens and baths, hardwood flooring, masonry work, porch repairs, intercom system, window repairs, furnaces and appliances. Amenities include refrigerator, range, hardwood flooring, porch/decks and an on-site laundry facility. The building provides heat and water; tenants are responsible for electric and cooking gas.
- PRA will continue to assist 11 units: 5 two-bedroom, 5 three-bedroom and 1 four-bedroom units. Tenants are identified from the CHA waitlist.

### **Property Owner /Manager**

**5751 S. Michigan Inc** is an S-Corp entity with a sole owner, Steve Thomas. Steve Thomas is a licensed general contractor at 5T Construction Inc and the operations manager at **5T Management Inc** (5T). 5T has extensive experience managing market rate, low-income tax credit, and Project-Based Section 8 rental units (PRA) throughout Chicago's south and west sides. 5T Management has been appointed as the receiver and manager for many troubled properties due to their experience with assessing and solving building code violations in a cost-effective manner.

## 5801 S Michigan Ave.

**5801 S. Michigan Apartments** is a 24-unit family housing development located in a limited area in the Washington Park community. Since December 2011, PRA has provided rental assistance for 23 family units: 15 two-bedroom and 8 three-bedroom. The property owner seeks to extend the HAP until July 31, 2034. The property provides heat, cooking gas, and water; tenants are responsible for all other electricity. The property will continue to offer rental assistance to families from the CHA wait lists.



### Property Owner / Manager

**5801 S. Michigan, LLC** is the ownership entity of 5801 S Michigan Apartments and is an S-Corp with a sole owner, Steve Thomas. Steve Thomas is a licensed general contractor at 5T Construction Inc and the operations manager at 5T Management Inc. **5T Management** (5T) has extensive experience managing market rate, low-income, tax credit, and Project-Based Section 8 rental units (PRA) throughout Chicago's south and west sides. 5T has been an appointed the receiver and manager for many troubled assets due to their experience with assessing and solving building code violations in a cost-effective manner.

Respectfully Submitted:

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Derek Messier  
Chief Property Officer

**RESOLUTION NO. 2019-CHA-**

**WHEREAS,** The Board of Commissioners of the Chicago Housing Authority has reviewed the Board letter dated July 16, 2019 entitled “Recommendation to Execute Housing Assistance Payments Contracts for Diversey Manor and 5751 S Michigan Apartments; Housing Assistance Payments Amendment for 5801 S Michigan Apartments.”

**THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:**

**THAT,** The Board of Commissioners authorizes the Chief Executive Officer or his designee to execute 1) Housing Assistance Payments Contracts for a) Diversey Manor, b) 5751 S Michigan Apartments; 2) Housing Assistance Payments Amendment for 5801 S Michigan Apartments; and 3) all other documents as may be necessary or appropriate to implement the foregoing.

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Eugene E. Jones, Jr.  
Chief Executive Officer  
Chicago Housing Authority